



State of Wisconsin  
2011 – 2012 LEGISLATURE



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**ASSEMBLY SUBSTITUTE AMENDMENT 2,  
TO 2011 SENATE BILL 463**

March 15, 2012 – Offered by Representatives BARCA, PASCH, MASON, MOLEPSKE JR  
and SEIDEL.

1     **AN ACT** *to repeal* 71.07 (5d) (c) 1.; *to amend* 25.14 (1) (a) (intro.), 71.07 (5b) (d)  
2           3., 71.07 (5d) (d) 1., 71.28 (5b) (d) 3., 71.47 (5b) (d) 3., 73.03 (63), 238.15 (1)  
3           (intro.), 238.15 (1) (h), 238.15 (1) (j), 238.15 (1) (km) and 238.15 (3) (d) (intro.);  
4           and *to create* 16.5195, 19.42 (10) (t), 19.42 (13) (p), 20.192 (1) (q), 25.90, 238.15  
5           (1) (m), 238.155 and subchapter III of chapter 238 [precedes 238.40] of the  
6           statutes; **relating to:** grants to certified seed incubator funds, the angel  
7           investment and early stage seed investment tax credit programs, creation of a  
8           badger jobs fund to be administered by an investment committee appointed by  
9           and existing under the Wisconsin Economic Development Corporation,  
10          granting rule-making authority, and making appropriations.

***The people of the state of Wisconsin, represented in senate and assembly, do  
enact as follows:***

11          **SECTION 1.** 16.5195 of the statutes is created to read:

1           **16.5195 Transfers to the badger jobs fund. (1)** Beginning after June 30,  
2           2013, at the beginning of each fiscal year, the secretary shall transfer \$25,000,000  
3           from the general fund to the badger jobs fund.

4           **(2)** No moneys may be transferred under sub. (1) after June 30, 2016.

5           **SECTION 2.** 19.42 (10) (t) of the statutes is created to read:

6           19.42 **(10)** (t) The members of the badger jobs fund investment committee  
7           appointed under s. 238.41.

8           **SECTION 3.** 19.42 (13) (p) of the statutes is created to read:

9           19.42 **(13)** (p) The members of the badger jobs fund investment committee  
10          appointed under s. 238.41.

11          **SECTION 4.** 20.192 (1) (q) of the statutes is created to read:

12          20.192 **(1)** (q) *Badger jobs fund.* From the badger jobs fund, all moneys received  
13          under s. 16.5195 for investments and grants under subch. III of ch. 238.

14          **SECTION 5.** 25.14 (1) (a) (intro.) of the statutes is amended to read:

15          25.14 **(1)** (a) (intro.) There is created a state investment fund under the  
16          jurisdiction and management of the board to be operated as an investment trust for  
17          the purpose of managing the securities of all funds that are required by law to be  
18          invested in the state investment fund, the badger jobs fund, and all of the state's  
19          funds specified in s. 25.17 (1), except all of the following:

20          **SECTION 6.** 25.90 of the statutes is created to read:

21          **25.90 Badger jobs fund.** There is established a separate nonlapsible trust  
22          fund designated as the badger jobs fund. The fund shall consist of all moneys  
23          deposited in the fund under s. 16.5195, together with all donations, gifts, or bequests  
24          made to the fund, all moneys transferred to the fund from other funds, and all income  
25          or interest earned by the fund.

1           **SECTION 7.** 71.07 (5b) (d) 3. of the statutes, as affected by 2011 Wisconsin Act  
2 32, is amended to read:

3           71.07 **(5b)** (d) 3. ~~For~~ Except as provided under s. 238.15 (3) (d) (intro.), for  
4 investments made after December 31, 2007, if an investment for which a claimant  
5 claims a credit under par. (b) is held by the claimant for less than 3 years, the  
6 claimant shall pay to the department, in the manner prescribed by the department,  
7 the amount of the credit that the claimant received related to the investment.

8           **SECTION 8.** 71.07 (5d) (c) 1. of the statutes is repealed.

9           **SECTION 9.** 71.07 (5d) (d) 1. of the statutes, as affected by 2011 Wisconsin Act  
10 32, is amended to read:

11           71.07 **(5d)** (d) 1. ~~For~~ Except as provided under s. 238.15 (3) (d) (intro.), for  
12 investments made after December 31, 2007, if an investment for which a claimant  
13 claims a credit under par. (b) is held by the claimant for less than 3 years, the  
14 claimant shall pay to the department, in the manner prescribed by the department,  
15 the amount of the credit that the claimant received related to the investment.

16           **SECTION 10.** 71.28 (5b) (d) 3. of the statutes, as affected by 2011 Wisconsin Act  
17 32, is amended to read:

18           71.28 **(5b)** (d) 3. ~~For~~ Except as provided under s. 238.15 (3) (d) (intro.), for  
19 investments made after December 31, 2007, if an investment for which a claimant  
20 claims a credit under par. (b) is held by the claimant for less than 3 years, the  
21 claimant shall pay to the department, in the manner prescribed by the department,  
22 the amount of the credit that the claimant received related to the investment.

23           **SECTION 11.** 71.47 (5b) (d) 3. of the statutes, as affected by 2011 Wisconsin Act  
24 32, is amended to read:

1           71.47 **(5b)** (d) 3. ~~For~~ Except as provided under s. 238.15 (3) (d) (intro.), for  
2 investments made after December 31, 2007, if an investment for which a claimant  
3 claims a credit under par. (b) is held by the claimant for less than 3 years, the  
4 claimant shall pay to the department, in the manner prescribed by the department,  
5 the amount of the credit that the claimant received related to the investment.

6           **SECTION 12.** 73.03 (63) of the statutes, as affected by 2011 Wisconsin Act 32,  
7 is amended to read:

8           73.03 **(63)** Notwithstanding the amount limitations specified under s. ~~71.07~~  
9 ~~(5d) (c) 1.~~ and s. 238.15 (3) (d) or s. 560.205 (3) (d), 2009 stats., in consultation with  
10 the department of commerce or the Wisconsin Economic Development Corporation,  
11 to carry forward to subsequent taxable years unclaimed credit amounts of the early  
12 stage seed investment credits under ss. 71.07 (5b), 71.28 (5b), 71.47 (5b), and 76.638  
13 and the angel investment credit under s. 71.07 (5d). Annually, no later than July 1,  
14 the department of commerce or the Wisconsin Economic Development Corporation  
15 shall submit to the department of revenue its recommendations for the carry forward  
16 of credit amounts as provided under this subsection.

17           **SECTION 13.** 238.15 (1) (intro.) of the statutes, as affected by 2011 Wisconsin  
18 Act 32, is amended to read:

19           238.15 **(1)** ANGEL INVESTMENT TAX CREDITS. (intro.) The corporation shall  
20 implement a program to certify businesses for purposes of s. 71.07 (5d). A business  
21 desiring certification shall submit an application to the corporation in each taxable  
22 year for which the business desires certification. The business shall specify in its  
23 application the investment amount it wishes to raise and the corporation may certify  
24 the business and determine the amount that qualifies for purposes of s. 71.07 (5d).  
25 ~~A business may be certified under this subsection, and may maintain such~~

1 ~~certification,~~ The corporation may certify or recertify a business for purposes of s.  
2 71.07 (5d) only if the business satisfies all of the following conditions:

3 **SECTION 14.** 238.15 (1) (h) of the statutes, as affected by 2011 Wisconsin Act 32,  
4 is amended to read:

5 238.15 (1) (h) ~~It~~ At the time it is initially certified under this subsection, it has  
6 less than 100 employees.

7 **SECTION 15.** 238.15 (1) (j) of the statutes, as affected by 2011 Wisconsin Act 32,  
8 is amended to read:

9 238.15 (1) (j) ~~It~~ At the time it is initially certified under this subsection, it has  
10 been in operation in this state for not more than 10 consecutive years.

11 **SECTION 16.** 238.15 (1) (km) of the statutes, as affected by 2011 Wisconsin Act  
12 32, is amended to read:

13 238.15 (1) (km) It has not received aggregate private equity investment in cash  
14 of more than \$10,000,000 ~~prior to being~~ before it is initially certified under this  
15 subsection.

16 **SECTION 17.** 238.15 (1) (m) of the statutes is created to read:

17 238.15 (1) (m) 1. It agrees that it will not relocate outside of this state during  
18 the 3 years after it receives an investment for which a person may claim a tax credit  
19 under s. 71.07 (5d) and agrees to pay the corporation a penalty, in an amount  
20 determined under subd. 2., if the business relocates outside of this state during that  
21 3-year period. For the purposes of this paragraph, a business relocates outside of  
22 this state when the business locates more than 51 percent of any of the following  
23 outside of this state:

24 a. The business's employees.

25 b. The business's total payroll.

1           c. The activities of the business's headquarters, as determined by the  
2 corporation.

3           2. The amount of a penalty payment under subd. 1. is any of the following:

4           a. If the relocation occurs less than 12 months after the investment, 100 percent  
5 of the tax credit that was claimed under s. 71.07 (5d) as the result of the investment.

6           b. If the relocation occurs 12 months or more after the investment but less than  
7 24 months after the investment, 80 percent of the tax credit that was claimed under  
8 s. 71.07 (5d) as the result of the investment.

9           c. If the relocation occurs occurs 24 months or more after the investment but  
10 less than 36 months after the investment, 60 percent of the tax credit that was  
11 claimed under s. 71.07 (5d) as the result of the investment.

12           **SECTION 18.** 238.15 (3) (d) (intro.) of the statutes, as affected by 2011 Wisconsin  
13 Act 32, is amended to read:

14           238.15 (3) (d) *Rules.* (intro.) The corporation, in consultation with the  
15 department of revenue, shall adopt rules to administer this section. The rules shall  
16 further define “bona fide angel investment” for purposes of s. 71.07 (5d) (a) 1. The  
17 rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may be  
18 claimed for investments in businesses certified under sub. (1) at \$3,000,000 per  
19 calendar year for calendar years beginning after December 31, 2004, and before  
20 January 1, 2008, \$5,500,000 per calendar year for calendar years beginning after  
21 December 31, 2007, and before January 1, 2010, \$6,500,000 for calendar year 2010,  
22 and \$20,000,000 per calendar year for calendar years beginning after December 31,  
23 2010, plus, for taxable years beginning after December 31, 2010, an additional  
24 \$250,000 for tax credits that may be claimed for investments in nanotechnology  
25 businesses certified under sub. (1). The rules shall also limit the aggregate amount

1 of the tax credits under ss. 71.07 (5b), 71.28 (5b), 71.47 (5b), and 76.638 that may be  
2 claimed for investments paid to fund managers certified under sub. (2) at \$3,500,000  
3 per calendar year for calendar years beginning after December 31, 2004, and before  
4 January 1, 2008, \$6,000,000 per calendar year for calendar years beginning after  
5 December 31, 2007, and before January 1, 2010, \$8,000,000 for calendar year 2010,  
6 and \$20,500,000 per calendar year for calendar years beginning after December 31,  
7 2010, plus, for taxable years beginning after December 31, 2010, an additional  
8 \$250,000 for tax credits that may be claimed for investments in nanotechnology  
9 businesses certified under sub. (1). The rules shall also provide that, for calendar  
10 years beginning after December 31, 2007, ~~no a person may receive~~ who receives a  
11 credit under ss. 71.07 (5b) and (5d), 71.28 (5b), 71.47 (5b), or 76.638 ~~unless the~~  
12 ~~person's~~ must keep the investment is kept in a certified business, or with a certified  
13 fund manager, for no less than 3 years, unless the person's investment becomes  
14 worthless, as determined by the corporation, during the 3-year period or the person  
15 has kept the investment for no less than 12 months and a bona fide liquidity event,  
16 as determined by the corporation, occurs during the 3-year period. The rules shall  
17 permit the corporation to reallocate credits under this section that are unused in any  
18 calendar year to a person eligible for tax benefits, as defined under s. 238.16 (1) (d),  
19 if all of the following apply:

20 **SECTION 19.** 238.155 of the statutes is created to read:

21 **238.155 Grants to certified seed incubator funds. (1) DEFINITION.** In this  
22 section, “certified seed incubator fund” means a person certified by the corporation  
23 under sub. (4).

24 **(2) ESTABLISHMENT OF GRANT PROGRAM.** (a) The corporation shall establish an  
25 economic development program to make grants under this section.

1 (b) From the appropriation under s. 20.192 (1) (a), the corporation shall make  
2 grants to certified seed incubator funds that total at least \$3,000,000 annually for  
3 investment in start-up businesses, as determined by the corporation.

4 **(3) APPLICATION.** Any person may apply to the corporation, on a form prescribed  
5 by the corporation, for certification under sub. (4). The application shall include the  
6 name, address, and tax identification number of the person and any other  
7 information the corporation requires.

8 **(4) CERTIFICATION.** The corporation may certify an applicant who submits an  
9 application under sub. (3) to receive a grant under this section if the corporation  
10 determines that the applicant meets all of the following requirements:

11 (a) The applicant operates a business incubator program in this state that is  
12 privately funded and that directly provides at least 2 of the following services to a  
13 start-up business that are designed to grow that business:

14 1. A facility that offers rent of the facility at a rate lower than the market rate  
15 in the community and provides shared administrative services or other assistance  
16 designed to reduce the costs and encourage the growth of a start-up business the  
17 facility serves.

18 2. Business management, technical, or marketing assistance.

19 3. Development of a feasibility study, business plan, or financial plan.

20 (b) The applicant owns at least \$3,000,000 in cash or cash equivalents, or the  
21 applicant demonstrates to the satisfaction of the corporation that the applicant has  
22 obtained commitments from other funding sources sufficient to enable the applicant  
23 to invest at least \$3,000,000 in start-up businesses within the 5 years after the  
24 corporation certifies the applicant under this subsection.



1           **(5) CONTRACTS.** Before the corporation makes a grant under this section to a  
2 certified seed incubator fund, the corporation shall contract with the certified seed  
3 incubator fund and, in addition to any other terms required by the corporation, that  
4 contract shall include the following requirements:

5           (a) The certified seed incubator fund shall be headquartered in this state and  
6 employ at least 50 percent of its employees in this state.

7           (b) The certified seed incubator fund shall invest 100 percent of the amount of  
8 any grant it receives from the corporation under this section in a business that is  
9 participating in a business incubator program that is operated by the certified seed  
10 incubator fund and that receives the investment under this paragraph as part of that  
11 program.

12           (c) When the certified seed incubator fund makes an investment of grant  
13 moneys in a business, the certified seed incubator fund shall at least match the  
14 amount of those grant moneys with an investment of capital in the business that the  
15 certified seed incubator fund has raised from other sources.

16           (d) The certified seed incubator fund may not apply the amount of the grant  
17 moneys it receives from the corporation toward a tax credit under s. 71.07 (5b) or (5d),  
18 71.28 (5b), 71.47 (5b), or 76.638.

19           **(6) REPORTING REQUIREMENTS.** (a) By January 31 of each year, a certified seed  
20 incubator fund that receives a grant under this section shall submit a report to the  
21 corporation that includes, for each business in which the certified seed incubator  
22 fund held an investment of grant moneys from corporation, a description of the  
23 business and a description of the business's participation in the certified seed  
24 incubator fund's seed incubator program.

1 (b) The corporation shall submit the information it receives under par. (a) with  
2 its annual report under s. 238.07 (2).

3 **SECTION 20.** Subchapter III of chapter 238 [precedes 238.40] of the statutes is  
4 created to read:

5 **CHAPTER 238**

6 **SUBCHAPTER III**

7 **BADGER JOBS FUND**

8 **238.40 Definitions.** In this subchapter:

9 (1) “Angel investor network” means a group of persons that reviews new  
10 businesses or proposed new businesses for the potential investment in those  
11 businesses of moneys owned by those persons.

12 (2) “Certified business development organization” means a person certified  
13 under s. 238.437.

14 (3) “Certified venture capital fund” means a venture capital fund certified  
15 under s. 238.42 (2).

16 (5) “Fund” means the badger jobs fund established under s. 25.90.

17 (6) “Fund capital” means moneys in or received from the fund.

18 (7) “Investment committee” means the investment committee of the fund  
19 appointed by the board under s. 238.41.

20 **238.41 Badger jobs fund.** (1) The fund shall be administered by a  
21 10–member investment committee.

22 (2) (a) The board shall appoint the members of the investment committee on  
23 the basis of the members’ expertise, experience, leadership, or advocacy in venture  
24 capital, investment banking, or entrepreneurship. The members shall serve 3–year  
25 terms. The board shall stagger the terms.

1           (b) The corporation shall staff the investment committee and cover any  
2 administrative or operational costs of the investment committee.

3           **(3)** The investment committee shall have all the powers necessary or  
4 convenient to carry out the purposes and provisions of this subchapter, including the  
5 power to execute contracts and other instruments required for the operation of the  
6 investment committee.

7           **238.42 Venture capital fund certification. (1) APPLICATION.** Any venture  
8 capital fund may apply to the investment committee on a form prescribed by the  
9 investment committee for certification under this section. The application shall  
10 include the name, address, and tax identification number of the applicant and any  
11 other information the investment committee requires.

12           **(2) CERTIFICATION.** The investment committee may certify a venture capital  
13 fund that submits an application under sub. (1) to receive fund capital. In  
14 determining whether to certify a venture capital fund, the investment committee  
15 shall consider all of the following:

16           (a) The investment experience of the venture capital fund's manager.

17           (b) The past performance of any investment managed by the venture capital  
18 fund or the venture capital fund's manager.

19           (c) The venture capital fund's commitment to investing in businesses within  
20 this state and maintaining an office in this state.

21           (d) The venture capital fund's commitment to making investments that are  
22 diverse with respect to the geographic location within this state and industry  
23 classification of the businesses in which the applicant invests.

1           **(3) APPLICATION FEE.** A venture capital fund that applies for certification under  
2 sub. (1) shall pay to the investment committee a fee in the amount determined by the  
3 investment committee.

4           **238.43 Investments of fund capital in certified venture capital funds;**  
5 **requirements. (1) FUND INVESTMENTS.** (a) From the appropriation under s. 20.192  
6 (1) (q), the investment committee shall invest a total of at least \$65,000,000 in  
7 certified venture capital funds over the life of the fund.

8           (b) The investment committee shall ensure that 100 percent of the fund capital  
9 it invests under this section is invested in businesses that are headquartered in this  
10 state and that at least \$60,000,000 of that fund capital is invested in businesses that  
11 meet all of the following additional conditions at the time a certified venture capital  
12 fund first invests in the business under this section:

13           1. The business employs at least 50 percent of its full-time employees,  
14 including any subsidiary or other affiliated entity, in this state.

15           2. The business employs less than 150 full-time employees in total, including  
16 any subsidiary or other affiliated entity.

17           3. The business agrees to use fund capital only for research and development,  
18 the introduction of a new product in the market, the business's entry into a new  
19 market, or other activities that are expected to grow the business and create jobs in  
20 this state.

21           4. The business is not primarily engaged in real estate development or sales,  
22 insurance, banking, lending, lobbying, political consulting, professional services, or  
23 retail sales, other than direct sales of products the business itself manufactures.

24           (c) The investment committee may not invest more than \$15,000,000 of fund  
25 capital in a single certified venture capital fund.

1           **(2) CONTRACTS.** Before the investment committee invests any fund capital in  
2 a certified venture capital fund, the investment committee shall contract with the  
3 certified venture capital fund and, in addition to any other terms required or  
4 negotiated by the investment committee, that contract shall include the following  
5 requirements:

6           (a) The certified venture capital fund commits to maintaining a significant  
7 physical presence in this state, including locating an office in this state that is staffed  
8 with at least one full-time employee of the certified venture capital fund whose  
9 compensation is paid only by the certified venture capital fund.

10          (b) Within 4 years after the certified venture capital fund receives a  
11 commitment of fund capital from the investment committee, the certified venture  
12 capital fund commits 100 percent of that fund capital to businesses approved by the  
13 investment committee.

14          (c) The certified venture capital fund does not invest less than \$250,000 in fund  
15 capital in any one business.

16          (d) The certified venture capital fund does not receive fund capital that exceeds  
17 20 percent of the total moneys for investment, including any outstanding  
18 commitment, that the certified venture capital fund has raised from all sources,  
19 except that a Wisconsin-based certified venture capital fund, as determined by the  
20 investment committee, may not receive fund capital that exceeds 50 percent of the  
21 total moneys for investment, including any outstanding commitment, that the  
22 certified venture capital fund has raised from all sources.

23          (e) The investment committee's investment of fund capital with any certified  
24 venture capital fund is on terms that are substantially equivalent to the terms

1 applicable for other funding sources of the certified venture capital fund for similar  
2 investments.

3 (f) From any distribution from a certified venture capital fund's investment in  
4 a business under this section that includes amounts contributed from the fund, the  
5 certified venture capital fund pays to the investment committee an amount equal to  
6 100 percent of the principal amount of fund capital that was contributed from the  
7 fund to that investment before the certified venture capital fund makes any payment  
8 to a funding source for that investment that is not the fund.

9 (g) From any investment of fund capital by a certified venture capital fund  
10 under this section, the certified venture capital fund does not pay a fee to itself or to  
11 any principal or manager of the certified venture capital fund that equals more than  
12 2 percent of the total amount of fund capital contributed to that investment by the  
13 investment committee.

14 (h) The certified venture capital fund discloses to the investment committee  
15 any interest that it or an owner, stockholder, partner, officer, director, member,  
16 employee, or agent of the certified venture capital fund holds in a business in which  
17 the certified venture capital fund invests or intends to invest fund capital.

18 (i) The certified venture capital fund does not apply the amount of fund capital  
19 it receives toward a tax credit under s. 71.07 (5b) or (5d), 71.28 (5b), 71.47 (5b), or  
20 76.638.

21 (j) The certified venture capital fund maintains liability insurance in the  
22 amounts and for the coverages determined by the investment committee.

23 (k) The certified venture capital fund agrees that the investment committee,  
24 the corporation, and the state may refer to the certified venture capital fund's name

1 in public announcements or other documents or communications relating to the  
2 fund.

3 **(3) REPAYMENT OF FUND CAPITAL.** In addition to any other legal remedies  
4 available to the investment committee, if a certified venture capital fund fails to  
5 satisfy any of the requirements under sub. (2), the investment committee is entitled  
6 to payment from the certified venture capital fund equal to 100 percent of the amount  
7 of fund capital the certified venture capital fund received from the investment  
8 committee.

9 **238.435 Angel investor networks. (1)** From the appropriation under s.  
10 20.192 (1) (q), and subject to sub. (2), the investment committee may commit up to  
11 a total of \$5,000,000 to investments proposed to the investment committee by angel  
12 investor networks.

13 **(2)** The investment committee may commit fund capital to an investment in a  
14 business under this section only if all of the following requirements are satisfied:

15 (a) The business is or will be headquartered in this state.

16 (b) The angel investor network agrees to invest \$2 for every \$1 in fund capital  
17 that the investment committee commits to the investment.

18 (c) The investment committee's profit-sharing agreement with the angel  
19 investor network is on terms that are substantially equivalent to the terms  
20 applicable for other persons in the angel investor network with respect to the  
21 investment.

22 **238.437 Grants to certified business development organizations. (1)**  
23 **BADGER JOBS FUND GRANTS.** From the appropriation under s. 20.192 (1) (q), the  
24 investment committee shall make grants to certified business development

1 organizations that total \$5,000,000 over the life of the fund for investment in  
2 start-up businesses.

3 **(2) APPLICATION.** Any person may apply to the investment committee, on a form  
4 prescribed by the investment committee, for certification under sub. (3). The  
5 application shall include the name, address, and tax identification number of the  
6 person and any other information the investment committee requires.

7 **(3) CERTIFICATION.** The investment committee may certify an applicant who  
8 submits an application under sub. (2) to receive a grant under this section if the  
9 investment committee determines that the applicant operates a nonprofit or  
10 for-profit business incubator, regional economic development partnership, local  
11 economic development organization, or non-profit or for-profit entrepreneurial  
12 service agency that directly provides one or more of the following services to start-up  
13 businesses:

14 (a) A facility that offers rent of the facility at a rate lower than the market rate  
15 in the community and provides shared administrative services or other assistance  
16 designed to reduce the costs and encourage the growth of a start-up business the  
17 facility serves.

18 (b) As determined by the investment committee, high quality business support  
19 that is visible and easily accessible to entrepreneurs and small companies; that offers  
20 substantial management services or similar services to portfolio companies; and that  
21 integrates sources of deal flow, entrepreneurial support, and capital to effectively  
22 grow entrepreneurial commercialization outcomes.

23 **(4) CONTRACTS.** Before the investment committee makes a grant under this  
24 section to a certified business development organization, the investment committee  
25 shall contract with the certified business development organization, and, in addition



1 to any other terms required by the investment committee, that contract shall include  
2 the following requirements:

3 (a) The certified business development organization commits to maintaining  
4 a significant physical presence in this state, including locating an office in this state  
5 that is staffed with at least one full-time employee of the certified business  
6 development organization.

7 (b) The certified business development organization invests 100 percent of the  
8 amount of the grant it receives from the investment committee under this section in  
9 a business that meets all of the following conditions at the time the certified business  
10 development organization first invests in the business under this paragraph:

11 1. The business is headquartered in this state.

12 2. The business employs at least 50 percent of its employees, including any  
13 subsidiary or other affiliated entity, in this state.

14 3. The business agrees to use fund capital only for research and development,  
15 the introduction of a new product in the market, the business's entry into a new  
16 market, or other activities that are expected to grow the business and create jobs in  
17 this state.

18 4. The business is not primarily engaged in real estate development or sales,  
19 insurance, banking, lending, lobbying, or political consulting.

20 5. The business is participating in a business development program that is  
21 approved by the investment committee and is operated or approved by the certified  
22 business development organization, and the business receives the investment under  
23 this paragraph as part of that program.

24 (c) 1. When a certified business development organization makes an  
25 investment of grant moneys in a business, the certified business development

1 organization at least matches the amount of those grant moneys with an investment  
2 of capital in the business that the certified business development organization has  
3 raised from other sources.

4 2. If an investment of grant moneys subject to subd. 1 is made as part of an  
5 existing equity investment portfolio that the certified business development  
6 organization already manages and that portfolio has been funded from other sources,  
7 the certified business development organization applies those moneys supplied from  
8 those other sources for the purpose of satisfying the matching requirement under  
9 subd. 1.

10 (d) The certified business development organization does not apply the amount  
11 of the grant moneys it receives from the investment committee toward a tax credit  
12 under s. 71.07 (5b) or (5d), 71.28 (5b), 71.47 (5b), or 76.638.

13 **238.45 Reporting requirements. (1) ANNUAL REPORT.** Annually, the  
14 investment committee shall submit to the chief clerk of each house of the legislature,  
15 for distribution to the legislature under s. 13.172 (2), and to the governor, a report  
16 that includes all of the following:

17 (a) An accounting of the financial status of the fund, including the opinion of  
18 an independent certified public accountant.

19 (b) The investment committee's current investment policy for the fund.

20 (c) The investment committee's internal rate of return from its investments of  
21 fund capital.

22 (d) For each certified venture capital fund in which the investment committee  
23 held an investment of fund capital under s. 238.43 during the preceding year, all of  
24 the following:

25 1. The name and address of the venture capital fund.

1           2. The amount of each investment and the amount contributed to the  
2 investment by the certified venture capital fund.

3           3. The internal rate of return realized by the certified venture capital fund on  
4 each investment.

5           4. An accounting of any fee the certified venture capital fund paid to itself or  
6 any principal or manager of the certified venture capital fund during the preceding  
7 year.

8           (e) For each business in which a certified venture capital fund held an  
9 investment of fund capital during the preceding year, all of the following:

10           1. The name and address of the business.

11           2. A description of the nature of the business.

12           3. The amount of each investment of fund capital in the business.

13           4. An identification of the certified venture capital fund that made the  
14 investment.

15           5. A statement of the number of employees the business employed when the  
16 certified venture capital fund first invested in the business, the number of employees  
17 the business employed on January 1 of the year preceding the year of the report, and  
18 the number of employees the business employed on December 31 of the year  
19 preceding the year of the report.

20           (f) For each investment of fund capital held by the investment committee in a  
21 business under s. 238.435 during the preceding year, all of the following:

22           1. The name and address of the business.

23           2. A description of the nature of the business.

24           3. An identification of the angel investor network.

1           4. The amount of the investment and the amount contributed to the investment  
2 by the angel investor network.

3           5. A statement of the number of employees the business employed when the  
4 investment committee first invested in the business, the number of employees the  
5 business employed on January 1 of the year preceding the year of the report, and the  
6 number of employees the business employed on December 31 of the year preceding  
7 the year of the report.

8           (g) With respect to grants under s. 238.437, all of the following:

9           1. An accounting of the total amount of fund capital the investment committee  
10 granted to certified business development organizations during the preceding year.

11           2. For each certified business development organization that received a grant  
12 from the investment committee during the preceding year, the name and address of  
13 the certified business development organization and the amount of the grant.

14           3. For each business in which a certified business development organization  
15 held an investment of grant moneys during the preceding year, the name and address  
16 of the business and a description of the nature of the business and an identification  
17 of the certified business development organization that made the investment; the  
18 total amount of each investment in the business, including grant moneys and  
19 moneys contributed by the certified business development organization or by other  
20 funding sources; and a statement of the number of employees the business employed  
21 when the certified business development organization first invested grant moneys  
22 in the business, the number of employees the business employed on January 1 of the  
23 year preceding the year of the report, and the number of employees the business  
24 employed on December 31 of the year preceding the year of the report.

1           **(2) PROGRESS REPORT.** In January 2018, the investment committee shall submit  
2 a report to the joint committee on finance that includes all of the following:

3           (a) A comprehensive assessment of the success to date of the programs  
4 administered by the investment committee.

5           (b) Any recommendations the investment committee has for improvement of  
6 the programs administered by the investment committee and the specific actions the  
7 investment committee intends to take or proposes to be taken to implement those  
8 recommendations.

9           (c) Any recommendations the investment board has for improvement of the  
10 programs administered by the investment committee and the specific actions the  
11 investment board proposes to be taken to implement those recommendations.

12           **238.49 Winding up of the investment committee's business. (1) END OF**  
13 **BUSINESS.** The secretary of administration shall determine the date that the  
14 investment committee satisfies the requirements under sub (2) and shall provide a  
15 written notice that states that date to the legislative reference bureau for publication  
16 in the Wisconsin Administrative Register. The investment committee may not  
17 conduct business of any kind after that date.

18           **(2) TRANSFER OF ASSETS, PROPERTY, AND CONTRACTS.** In December 2031, the  
19 investment committee shall do all of the following:

20           (a) Assign all of the investment committee's assets and any assets of the  
21 corporation under this subchapter to the secretary of administration. The secretary  
22 of administration shall deposit in the general fund any moneys transferred under  
23 this paragraph or generated from contracts or investments assigned to the secretary  
24 of administration under par. (c).

